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CC:	
Date:	Wed, 5/21/2014 5:29:57 PM
Subject:	Daily Update

- Is it Thursday already? It is very, very quiet and it feels like the holiday w/e might be starting even earlier than planned. Markets [finally] went "risk-off" yesterday after investor digested all the incoming headlines. Dudley, in his speech yesterday, noted that when rates increase it will be ssssssslowly. He also highlighted his view that leveraged loan market is "frothy". News today includes page A1 discussing how bankers continue to flaunt leveraged lending guidelines (more fines coming?.....). Oil is busting a move at 103 today. Markets mixed to start. Eminis: 5.5. 10yr 2.54%

  Other Dudley headlines:

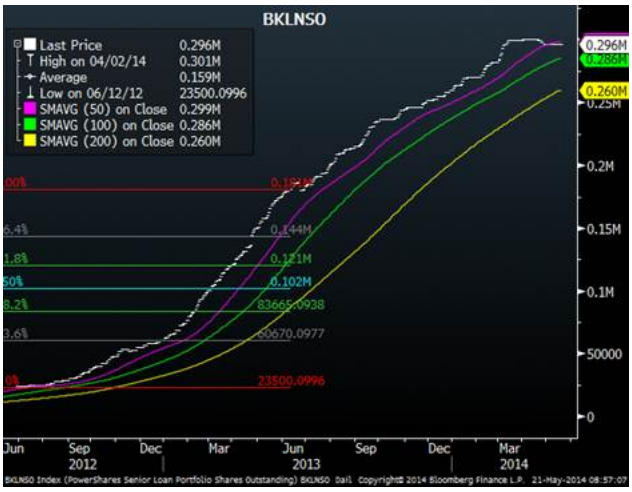
  - Tapering will continue
  - "Lift off" will be mid 2015
  - Fed funds will be deemphasized as a policy tool
  - Hikes will be gradual
  - Normalized rates will be lower
  - The Fed will probably never sell anything on the B/S (i.e. it will mature)
  - They are not bothered with Q1 GDP performance

- Data: Fed minutes due today.

- Earnings: Burberry's and Tiffany's beat nicely (weather doesn't affect rich folks…)

- Credit: Loans were off a bit/flatish yesterday. Opening flat today. Liquidity will further drift lower as we head toward the holiday w/e. Outflows continue (small). Calendar remains light. Good reminder: CS notes this am that par loans that miss numbers are getting a "chilly" reception from the market (i.e. price will go down). Stay alert and think about what can go wrong before an issuer announces (we are looking to capitalize on price moves). IG desks note that investors have been selling and dealer inventories have been rising (rate snap back coming?)

- Chart of Day (BKLN Shares Outstanding – This is the panic in the press about loan outflows?…):



- Other:

  - The whole world is calling for a correction http://www.cnbc.com/id/101689731
  - Going to jail for hiring rich kids?... => http://www.bloomberg.com/news/2014-05-21/jpmorgan-ex-ceo-for-china-investment-bank-arrested-caixin-says.html
  - $5bn for dealing with some "rogues"?. Seems fair… Although, their shareholders would have been better off if these guys instead built some faulty automobiles that caused death… => http://www.bloomberg.com/news/2014-05-21/u-s-said-to-seek-more-than-5-billion-in-bnp-settlement.html

- HY: 106 9/16 (+1/8)
- IG: 62 5/16 (-13/16)
- CSLLI: 0.47% mtd / 2.01% ytd

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